BILL LOCKYER, Attorney General 1 of the State of California THEODORA BERGER, State Bar No. 050108 Assistant Attorney General ROSE FUA, State Bar No. 119757 3 KEVIN JAMES, State Bar No 111103 Deputy Attorneys General 1515 Clay Street, 20th Floor Oakland, California 94612-1413 Telephone: (510) 622-2100 Fax No: (510) 622-2270 7 Attorneys for Plaintiff State of California Department of Toxic Substances Control

IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF CALIFORNIA

STATE OF CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL,

Plaintiff,

Case No. C 02-1886 PJH

SETTLEMENT AGREEMENT AND CONSENT DECREE

BAY AREA DRUM COMPANY, INC.; DAVID H. CANNON; HSCM-20 INC.; and THE GLIDDEN COMPANY,

Defendants.

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SETTLEMENT AGREEMENT & CONSENT DECREE Case No. C02-1886 PJH

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INTRODUCTION

Plaintiff, the State of California Department of Toxic Substances Control ("DTSC"), has filed a complaint (the "Complaint") in the United States District Court for the Northern District of California (the "Court"), pursuant to the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. §§ 9601 et seq. The Complaint names as defendants Bay Area Drum Company, Inc. ("BAD"), David H. Cannon ("Cannon"), HSCM-20 Inc. ("HSCM-20") and the Glidden Company ("Glidden"). BAD is alleged to have owned and operated the Bay Area Drum property, located at 1212 Thomas Avenue, San Francisco, California (the "Property") at a time (or at times) when hazardous substances were released or threatened to be released at and from the Property, and at a time (or at times) when DTSC incurred costs in response to such alleged releases or threatened releases. Cannon is alleged to have operated the Property at such times HSCM-20 and Glidden are alleged to be the successors to entities that allegedly sent hazardous substances to the Property for treatment and/or disposal. (Unless otherwise specified, the parties named as defendants in the Complaint will be referred to collectively herein as the "Settling Defendants") Plaintiff and the Settling Defendants now enter into this Settlement Agreement and Consent Decree (the "Consent Decree"), and move the Court to approve it and enter it as a consent decree of the Court, in order to settle this action on the terms and conditions set forth herein.

DEFINITIONS

- A. All terms used in this Consent Decree that are defined in section 101 of CERCLA, 42 U.S.C. § 9601, shall have the same meaning set forth in that section.
- B "Bay Area Drum Property" or "Property," as used in this Consent Decree, shall refer to the real property located at 1212 Thomas Avenue, in the City and County of San Francisco, California A legal description and a map of the Property are attached hereto as Exhibit A, and are incorporated herein by this reference.
- C. "Bay Area Drum Site" or "Site," as used in this Consent Decree, shall refer to the Property, and to any place nearby the Property where hazardous substances released at or from the Property may have come to be deposited.

D "DTSC," as used in this Consent Decree, shall mean DTSC; its predecessors including, but not limited to, the Toxic Substances Control Program of the State of California Department of Health Services; and its successors

E. "Effective Date," as used in this Consent Decree, shall be the date upon which this Consent Decree is approved and entered by the Court.

F "Party" or "Parties," as used in this Consent Decree, shall mean one or all of the parties to this Consent Decree, as indicated by the context in which that term is used.

"remedial action" or "response" (as those terms are defined by section 101 of CERCLA), incurred or to be incurred by DTSC in response to the release or threatened release of hazardous substances at the Site, including prejudgment interest thereon through the Effective Date. Said term shall include, but not be limited to, direct labor costs; contractor, consultant and expert costs; travel and any other out-of-pocket expenses; the costs of identifying, developing evidence against, and pursuing claims against persons or entities liable for the release or threatened release of hazardous substances at the Site; indirect costs; oversight costs; applicable interest charges; and attorneys' fees.

RECITALS

A. DTSC is the California state agency with primary jurisdiction over the response to the release and threatened release of hazardous substances at the Site.

B DTSC began to investigate the release and threatened release of hazardous substances at the Site in or about 1982. Subsequent investigation of the soil ("s") at, and the ground water ("gw") beneath, the Site revealed the presence of the following hazardous substances: acenaphthene (gw); aldrin (s); anthracene (s); antimony (s); arsenic (gw,s); barium (gw,s); benzene (gw,s); benzo(a)anthracene (s); benzo(b)fluoranthene (s); benzo(k)fluoranthene (s); benzo(a)pyrene (s); benzoic acid (gw); a-BHC (s); b-BHC (s); d-BHC (gw); g-BHC(lindane) (s); bis(2-ethylhexyl)phthalate (gw); butyl benzyl phthalate (s); cadmium (gw,s); carbon disulfide (gw); chlordane (s); chlorobenzene (s); chromium (gw,s); chrysene (s); copper (gw,s); 4,4-DDD (s); 4,4-DDE (s); 4,4-DDT (s); 1,2-dichlorobenzene (gw,s); 1,4-dichlorobenzene (s); 1,1-

dichloroethane (gw); 1,2-dichloroethane (gw,s); 1,2-dichloroethylene (gw,s); dieldrin (s); diethyl phthalate (gw); 2,4-dimethylphenol (gw,s); di-n-octyl phthalate (s); endosulfan sulfate (s); endrin (s); endrin aldehyde (s); ethylbenzene (gw,s); fluoranthene (gw); fluorene (gw); heptachlor (gw,s); heptachlor epoxide (s); isophorone (s); lead (gw,s); mercury (gw,s); methoxychlor (s); 4-methyl-2-pentanone (s); naphthalene (gw,s); nickel (gw,s); phenanthrene (s); polychlorinated biphenyls (PCBs: arochlor 1016, 1221, 1232, 1242, 1248, 1254, 1260) (s); phenol (gw); pyrene (s); selenium (gw); silver (gw,s); styrene (s); 1,1,2,2-tetrachloroethane (s); tetrachloroethylene (i e perchloroethylene) (gw,s); thallium (gw); toluene (gw,s); toxaphene (s); 1,2,4-trichlorobenzene (s); trichloroethylene (gw,s); vanadium (gw,s); vinyl chloride (gw); xylene (gw,s); and zinc (gw,s)

- C. DTSC has conducted, and will in the future conduct, activities in response to the release and threatened release of hazardous substances at the Site. These activities have included and will include the conduct and supervision of soil, ground water and surface water sampling at the Site; supervision of the preparation, by persons and entities not party to this Consent Decree, of the Remedial Investigation Report for the Site, the draft Soil Removal Action Work Plan, Eight Shafter Avenue Residential Backyards, San Francisco, California, and the draft Feasibility Study/Remedial Action Plan for the Site; review and approval of the Final Soil Removal Action Work Plan, Eight Shafter Avenue Residential Backyards, San Francisco, California and the Final Feasibility Study/Remedial Action Plan for the Site; and supervision of the remediation of the Site
- D. DTSC has incurred, and will continue to incur, Response Costs. As of December 31, 2002, DTSC's total unreimbursed Response Costs exceeded \$2,400,000.
 - E. The Complaint alleges:
- that BAD owned and operated, and Cannon operated, the Property at a time or at times when hazardous substances were released or were threatened to be released at the Property, and from the Property to the rest of the Site, and at a time or at times when DTSC incurred costs responding to those releases or threatened releases;
 - 2 that HSCM-20 and Glidden, through their predecessor, sent hazardous substances

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- 3. that hazardous substances were released or threatened to be released at the Site;
- 4 that removal and remedial actions were undertaken at and for the Site to remove and remedy the hazardous substances released and threatened to be released at the Site;
- 5. that DTSC incurred Response Costs conducting and supervising removal and/or remedial activities in response to the release and threatened release of hazardous substances at the Site; and
- 6. that each of the Settling Defendants is jointly and severally liable to DTSC for all of its as yet unreimbursed Response Costs.
- F The Complaint seeks to recover all unreimbursed Response Costs that have been be incurred by DTSC
- G HSCM-20 and Glidden have previously paid to DTSC the total sum of \$41,443.87 towards DTSC's Response Costs. This sum was paid pursuant to Glidden's receipt of bills from DTSC setting forth DTSC's demand for complete reimbursement of DTSC's Response Costs. In making this previous total payment, HSCM-20 and Glidden made no admission of liability, nor did they admit or acknowledge any causal or other relationship between any of their activities, past or present, and any conditions at or around the Site, nor did they admit or acknowledge any legal responsibility for any such conditions or for remediating any contamination.
- H. By entering into this Consent Decree, the Settling Defendants make no admission of liability nor do they admit or acknowledge any causal or other relationship between any of their activities, past or present, and any conditions at or around the Site, nor do the Settling Defendants admit or acknowledge any legal responsibility for any such conditions or for remedying any contamination. The Settling Defendants expressly deny any such relationship, liability or responsibility. By entering into this Consent Decree, the Settling Defendants are not waiving any right, claim, remedy, cause of action or defense in this or any other proceeding, except as explicitly stated in this Consent Decree. Except as set forth in section 10 of this Consent Decree, this Consent Decree expressly does not create any rights in and/or obligations to third parties. Except as expressly provided herein, nothing in this Consent Decree shall be taken

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as an admission by the Settling Defendants of the truth of any statement of fact or conclusion of law in this or any other proceeding.

- Each of the Parties to this Consent Decree represents and acknowledges that, in deciding whether to enter into this Consent Decree, it has not relied on any statement of fact, statement of opinion, or representation, express or implied, made by any other Party. Each of the Parties to this Consent Decree has investigated the subject matter of this Consent Decree to the extent necessary to make a rational and informed decision to execute it, and has had the opportunity to consult independent counsel.
- DTSC and the Settling Defendants agree that settlement without further litigation and J. without the admission or adjudication of any issue of fact or law is the most appropriate means of resolving this action with respect to the Settling Defendants. This Consent Decree was negotiated and executed by DTSC and the Settling Defendants in good faith to avoid prolonged and complicated litigation DISC, moreover, has negotiated and executed this Consent Decree to further the public interest

The Court, on the motion and with the consent of each of the Parties, hereby ORDERS, ADJUDGES AND DECREES as follows:

JURISDICTION 1

The Court has subject matter jurisdiction over the matters alleged in this action pursuant to 28 U.S.C. section 1331 and 42 U.S.C. section 9613(b) and personal jurisdiction over each of the parties to this Consent Decree. Venue is appropriate in this district pursuant to 42 U.S.C. section 9613(b). The Court, further, has the authority to enter this Consent Decree as a consent decree of the Court.

SETTLEMENT OF DISPUTED CLAIMS

- This Consent Decree represents a fair, reasonable and equitable settlement of the matters addressed herein
- 2.2 For the purposes of this Consent Decree, the Settling Defendants admit none of the allegations of the Complaint. Nothing in this Consent Decree shall be construed as an admission of any issue of law or fact or of any violation of law. The Settling Defendants

Within sixty (60) days of the Effective Date, HSCM-20 and Glidden shall pay to DTSC the

Decree is intended, nor shall be construed, to preclude DTSC from exercising its authority under any law, statute or regulation. Furthermore, nothing in this Consent Decree is intended, nor shall be construed, to preclude any state agency, department, board or entity, other than DTSC, or any

federal or local agency, department, board or entity, from exercising its authority under any law,

statute or regulation.

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- 4.2 Notwithstanding any other provision in this Consent Decree, DTSC reserves the right to institute proceedings in this action or in a new action, seeking to compel any of the Settling Defendants to perform additional removal or remedial activities at the Site, and/or seeking further reimbursement of DTSC's Response Costs (incurred as a result of the circumstances set forth below), if
- (a) conditions previously unknown to DTSC, for which that Settling Defendant is liable under any statute or law, are discovered at the Site after the entry of the Consent Decree, and these conditions indicate that (1) a hazardous substance has been or is being released at the Site or there is a threat of such release into the environment and (2) the response performed at

 the Site is not protective of human health and the environment, or;

(b) DTSC receives information after the entry of the Consent Decree that was not available to DTSC at the time the Consent Decree was entered, concerning matters for which that Settling Defendant is liable, and that information indicates, and the Director of DTSC determines, that the response performed at the Site is not protective of human health and the environment.

5. COVENANT NOT TO SUE BY DISC

- 5.1 Except as specifically provided in section 4.2, above, and in section 5.3, below, and except as may be necessary to enforce the terms of this Consent Decree, as of the date this Consent Decree is entered as a consent decree of the Court, DTSC covenants not to sue the Settling Defendants pursuant to CERCLA, pursuant to the California Hazardous Substance Account Act ("HSAA"), California Health and Safety Code sections 25300 et seq., or pursuant to any other statute or regulation or common law theory, to: (1) recover DTSC's Response Costs; or (2) require the Settling Defendants to conduct removal or remedial activities in response to the release or threatened release of hazardous substances at the Site.
- 5.2 Except as specifically provided in section 4.2, above, and in section 5.3, below, upon the Settling Defendants' full performance of their obligations under this Consent Decree, this Consent Decree constitutes and will be treated as a full and complete defense to, and forever will be a complete bar to, the commencement of prosecution of any claims, causes of action or forms of relief described in section 5.1, above, by DTSC against the Settling Defendants.
- 5.3 The covenant not to sue set forth in section 5.1, above, does not pertain to any matters other than those expressly specified therein. DTSC reserves, and this Consent Decree is without prejudice to, all rights, claims and causes of action DTSC may have against the Settling Defendants with respect to all other matters.

6. COVENANTS NOT TO SUE BY THE SETTLING DEFENDANTS

6.1 The Settling Defendants covenant not to sue, and agree not to assert any claims or causes of action against, DTSC, or its contractors or employees, for contribution of any amounts they have spent or might spend in the future reimbursing DTSC's Response Costs, or conducting

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removal or remedial activities at and for the Site.

- 6.2 Notwithstanding section 6.1 of this Consent Decree, in the event that DTSC seeks to require the Settling Defendants to perform further removal or remedial activities at or for the Site pursuant to section 4.2 of this Consent Decree, or in the event that DTSC seeks further reimbursement of DTSC's Response Costs pursuant to section 4.2 of this Consent Decree, the Settling Defendants may assert against DTSC any right, claim or cause of action for contribution of such further removal or remedial activities, or of such further DTSC Response Costs, authorized by statute or common law, and DTSC may assert against the Settling Defendants any defenses authorized by statute or common law to any such right, claim or cause of action.
- 6.3 BAD and Cannon covenant not to sue, and agree not to assert any claims or causes of action which they may have had, or hereafter have, including, but not limited to, claims under CERCLA sections 107 and 113, against HSCM-20 and Glidden for the "Matters Addressed" in this Consent Decree, as that term is defined in section 7.2.
- 6.4 HSCM-20 and Glidden covenant not to sue, and agree not to assert any claims or causes of action which they may have had, or hereafter have, including, but not limited to, claims under CERCLA sections 107 and 113, against BAD and Cannon for the "Matters Addressed" in this Consent Decree, as that term is defined in section 7.2.

EFFECT OF CONSENT DECREE

- 7.1 This Consent Decree constitutes the resolution of the Settling Defendants' liability to DTSC in a judicially approved settlement within the meaning of section 113(f)(2) of CERCLA, 42 U.S.C. section 9613(f)(2). This Consent Decree requires the Settling Defendants to make a significant contribution towards DTSC's Response Costs.
- 7.2 Provided that the Settling Defendants perform their payment obligations under this Consent Decree, the Settling Defendants shall be entitled, as of the date this Consent Decree is entered as a consent decree of the Court, to protection against all claims for contribution, pursuant to section 113(f)(2) of CERCLA, 42 U.S.C. section 9613(f)(2), for the "Matters Addressed" by this Consent Decree, to the fullest extent permitted by law. The "Matters Addressed" by this Consent Decree are all actions taken or to be taken by DTSC, by any of the

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Consent Decree shall be addressed as follows:

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SETTLEMENT AGREEMENT & CONSENT DECREE

Settling Defendants, or by any third person or entity not a party to this Consent Decree, in response to the release or threatened release of hazardous substances at the Site, and all costs incurred or to be incurred by DTSC, by any of the Settling Defendants, or by any third person or entity not a party to this Consent Decree, in response to said release or threatened release.

Without limiting paragraph 7.2 hereof, this Consent Decree shall, to the fullest extent permitted by law, prevent the Settling Defendants from being held liable to any third person or entity not a party to this Consent Decree for any claims for contribution, indemnity or the like, asserted under any federal, state or common law, arising out of or related to any response, cleanup, removal or remedial actions or costs, which such third persons or entities may take, incur or defray at any time in response to the release or threatened release of hazardous substances at the Site.

7.4 Except as specifically provided in this Consent Decree, nothing in this Consent Decree is intended, nor shall be construed, to waive, release or otherwise affect any right, claim or cause of action held by any Party against, or to provide a covenant not to sue to, any third person or entity not a party to this Consent Decree, or to in any way limit, restrict, or impair the right of any Party to assert rights, claims, causes of actions and defenses against any third person or entity not a party to this Consent Decree, including without limitation the right to seek payment, reimbursement, contribution or indemnity from such persons or entities for obligations incurred or to be incurred under this Consent Decree. Except as specifically provided in this Consent Decree, the Parties expressly reserve any rights, claims, or causes of actions they might have against any third person or entity not a party to this Consent Decree.

Notification to or communication among the Parties as required or provided for in this

As to DTSC:

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Barbara Cook, P.E. Department of Toxic Substances Control Northern California--Coastal Cleanup Operations 700 Heinz Avenue, Suite 200 Berkeley, CA 94710

As to BAD and Cannon:

Richard G. Arneal, Esq. BRADY, VORWERCK & RYDER Station Plaza 3100 Oak Road Suite 250 Walnut Creek, CA 94597

As to HSCM-20 and Glidden:

William D. Wick, Esq. WACTOR & WICK LLP 180 Grand Avenue Suite 950 Oakland, CA 94612

9. MODIFICATION OF SETTLEMENT AGREEMENT AND CONSENT DECREE

This Consent Decree may only be modified upon the written approval of the Parties and the Court

10. APPLICATION OF CONSENT DECREE

This Consent Decree shall apply to and be binding upon DTSC, each of the Settling Defendants, and each of their respective successors and assigns. The provisions of this Consent Decree shall inure to the benefit of DTSC, each of the Settling Defendants, Linda Cannon, Jack Hamilton, and each of their respective successors and assigns. In addition, the provisions of this Consent Decree shall inure to the benefit of the officers, directors, employees and agents of BAD, HSCM-20 and Glidden, other than Cannon and Jack Hamilton, in their capacities as such. This Consent Decree, however, does not settle, resolve or otherwise affect any claim for relief or causes of action that DTSC has made or asserted, or which DTSC could make or assert in the future, against any of the officers, directors, employees or agents of BAD, HSCM-20 and Glidden, other than Cannon and Jack Hamilton, for any of the matters set forth in section 5 1 of

SETTLEMENT AGREEMENT & CONSENT DECREE Case No. C02-1886 PJH

this Consent Decree, that does not arise out of the status of the officer, director, employee or agent of BAD, HSCM-20 or Glidden as an officer, director, employee or agent of BAD, HSCM-3 20 or Glidden. 11 AUTHORITY TO ENTER 4 Each signatory to this Consent Decree certifies that he or she is fully authorized by the 5 party he or she represents to enter into this Consent Decree, to execute it on behalf of the party 7 represented and legally to bind that party. 8 12 INTEGRATION This Consent Decree, including the exhibit incorporated herein by reference, 9 constitutes the entire agreement among the Parties and may not be amended or supplemented 10 11 except as provided for in this Consent Decree. 13 RETENTION OF JURISDICTION 12 The Court shall retain jurisdiction of this matter for the purpose of enforcing the terms 1.3 of this Consent Decree. 14 14 EXECUTION OF DECREE 15 This Consent Decree may be executed in two or more counterparts, each of which shall 16 be deemed an original, but all of which together shall constitute one and the same instrument. 17 15. APPROVALS OF PARTIES 18 Plaintiff DTSC consents to this Consent Decree by its duly authorized representative as 19 follows: 20 21 Dated: 6-16 = 2003 STATE OF CALIFORNIA DEPARTMENT OF TOXIC SUBSTANCES CONTROL 22 23 24 Chief, Northern California--Coastal 25 Cleanup Operations Branch, State of California Department of Toxic 26 Substances Control 27 28 || ///

1	Settling Defendant Bay Area Drum Company, Inc. consents to this Consent Decree by its		
2	duly authorized representative as follows:		
3	3 Dated: <u>5/29/03</u>	AY AREA DRUM COMPANY, INC.	
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5	5) J v y	
6	Its: _		
7	7 Settling Defendant David H Cannon co	onsents to this Consent Decree as follows:	
8	8 Dated: <u>5/29/83</u>	AVID H CANNON	
9	9	David 35 Com	
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1	Settling Defendant HSCM-20, Inc. con	sents to this Consent Decree by its duly authorized	
12	representative as follows:		
3	Dated:	SCM-20 INC.	
4			
5	By: _		
6	Its:		
7	Settling Defendant The Glidden Company consents to this Consent Decree by its duly		
8	authorized representative as follows:		
9	Dated:	HE GLIDDEN COMPANY	
0	By: _		
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23	3		
4	IT IS SO ORDERED, ADJUDGED AND DEC	CREED:	
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6	5 Dated:	The same of the sa	
27	II.	NITED STATES DISTRICT JUDGE	
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SETTLEMENT AGREEMENT & CONSENT DECREE

Case No. C02-1886 PJH

1	Settling Defendant Bay Area Drum Company, Inc. consents to this Consent Decree by its		
-	duly authorized representative as	s follows:	
3	Dated:		BAY AREA DRUM COMPANY INC
4		_	
5		By:	
6		lts:	
7	Settling Defendant David H. Cannon consents to this Consent Decree as follows:		
8	Dated:		DAVID H CANNON
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11	Settling Defendant HSCM-20, Inc. consents to this Consent Decree by its duly authorized		
12	representative as follows:		et un
13	Dated: April 30, 2003		HSCM-20 INC.
14		D.	
15		By:	Associate Benne (2 mg)
16		Iŧs:	March Comme (Sine)
17	Settling Defendant The Glidden Company consents to this Consent Decree by its duly		
18	authorized representative as follows:		
19	Dated:		THE GLIDDEN COMPANY
20		By:	
21		Its:	
22		115.	
23			
24	IT IS SO ORDERED, ADJUDGED AND DECREED:		
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26	Dated:		UNITED STATES DISTRICT JUDGE
27			OTHER STATES DISTRICT JUDGE
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SETTLEMENT AGREEMENT & CONSENT DECREE
Case No. C02-1886 PJH

Settling Defendant Bay Area Drum Company Inc. consents to this Consent Decree by its		
duly authorized representative as follows:		
Dated: BAY AREA DRUM COMPANY, INC		
By:		
Settling Defendant David H. Cannon consents to this Consent Decree as follows:		
Dated: DAVID H CANNON		
Settling Defendant HSCM-20, Inc. consents to this Consent Decree by its duly authorized		
representative as follows:		
Dated: HSCM-20 INC		
By:		
lts:		
Settling Defendant The Glidden Company consents to this Consent Decree by its duly		
authorized representative as follows:		
Dated: May 6, 2003 THE GLIDDEN COMPANY		
By: Alfred		
John Haggerty () Its: Vice President & General Counsel		
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IT IS SO ORDERED, ADJUDGED AND DECREED:		
Dated: 10/14/03		
UNITED STATES DISTRICT JUDGE		

SETTLEMENT AGREEMENT & CONSENT DECREE Case No. C02-1886 PJH